



Kendall Cogeneration Station  
265 First Street  
Cambridge, Massachusetts 02142

January 30, 2013

Mr. George Harding  
EPA New England, MC OES04-4  
5 Post Office Square, Suite 100  
Boston, Massachusetts 02109-3912

Mr. Bryant Firman  
Massachusetts Department of Environmental Protection  
Central Regional Office  
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Worcester, Massachusetts 01608

**Delivery: By Email with FedEx to Follow**

**Subject: GenOn Kendall, LLC  
USEPA Region 1 DOCKET NO. 11-005  
MassDEP File No. UAO-BO-11-1N001  
NPDES Permit No. MA0004898  
Quarterly Progress Report (Q4 2012)**

Dear Mr. Harding and Mr. Firman:

Effective December 14, 2012, NRG Energy, Inc. ("NRG") and GenOn Energy, Inc. (GenOn Kendall, LLC's parent company) have combined and will retain the name NRG Energy, Inc. As a result of the merger, GenOn Kendall, LLC is now a wholly owned subsidiary of NRG. Although the parent corporations, NRG and GenOn Energy, Inc., have merged, GenOn Kendall, LLC has not merged into any other entity nor has it changed its name. Additional information about NRG and the merger can be found at NRG's website, [www.nrgenergy.com](http://www.nrgenergy.com).

GenOn Kendall, LLC ("GenOn" or the "Company") is submitting this quarterly progress report in accordance with Paragraph 4 of Section V of the Administrative Order for Compliance issued by the United States Environmental Protection Agency ("USEPA") Region 1 on January 31, 2011 (the "USEPA Order") and Paragraph 4 of Section V of the Unilateral Administrative Order issued by the Massachusetts Department of Environmental Protection ("MassDEP") on the same day (the "MassDEP Order"). The USEPA Order and the MassDEP Order are collectively referred to herein as the "Orders" and relate to the implementation of actions at the Kendall Cogeneration Station ("Kendall") in order to achieve compliance with the National Pollutant Discharge Elimination System ("NPDES") Permit issued on December 17, 2010. This quarterly progress report covers the time period from October 1, 2012 through December 31, 2012 (the "Reporting Period").

**A. Activities undertaken during the Reporting Period to achieve compliance with the Orders.**

Section V. Paragraph 4.a of the USEPA Order and of the MassDEP Order state that quarterly compliance reports submitted by GenOn shall "[d]escribe the activities undertaken during the reporting period directed at achieving compliance with th[e Orders]." Section B below, which also responds to Section V. Paragraph 4.c. of the USEPA Order and of the MassDEP Order,

provides a detailed description of the actions taken by GenOn during the Reporting Period to achieve compliance with the Orders.

B. Report on compliance with Paragraphs 1, 2 and 3 of Section IV. of the USEPA Order and Paragraphs 1, 2, and 3 of Section V. of the MassDEP Order.

1. Section IV. Paragraph 1 of the USEPA Order and Section V. Paragraph 1 of the MassDEP Order

Below is a summary of the status of GenOn's compliance with the obligations set forth in each of the subsections of Paragraph 1:

a. *At all times, cooperate with Trigen in Trigen's design, permitting and construction of the Steam Line.*

Prior to, and continuing through the Reporting Period, GenOn maintained regular contact with Veolia Energy Boston, Inc. ("Veolia" or "Trigen")<sup>1</sup> regarding Veolia's design and permitting efforts for the steam pipeline ("Steam Line"). During the Reporting Period, GenOn personnel have had periodic meetings with Veolia personnel by phone and in person to discuss the status of Veolia's permitting and construction efforts. GenOn has also worked closely with Veolia on the design of the interconnection of the Steam Line with Kendall. GenOn also participated in several telephone conferences with Veolia, USEPA and MassDEP during which Veolia provided updates on the progress of its permitting and construction efforts.

Based on the actions it has taken during the Reporting Period, GenOn is in full compliance with this requirement.

b. *Within 10 days after the Order Date, commence the process to obtain all Governmental Approvals to procure, install at the Station and operate the ACC and the BPST in order to meet the 2010 NPDES Permit limits. This shall include such detailed engineering of the ACC and BPST as necessary to support the permit applications and to provide supplementary data requested by the permitting and approval authorities.*

GenOn commenced the process for obtaining all necessary Governmental Approvals, including the necessary engineering, within 10 days of the Order Date. GenOn's activities during the 10 days following the Order Date are described in its first Quarterly Progress Report dated April 29, 2011.

Based on its past actions, GenOn is in full compliance with this requirement.

c. *Beginning 10 days after the Order Date until all Governmental Approvals are issued, provide timely and complete responses to all requests from any permitting and approval authority issuing a Governmental Approval.*

The only Governmental Approval which had not been issued as of the start of the Reporting Period was a zoning variance from the Board of Zoning Appeal ("BZA") of the City of Cambridge. Since GenOn filed its application for the variance on July 27, 2012 ("Application"), the BZA has not issued to GenOn any requests for additional information.

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<sup>1</sup> Veolia was previously known as Trigen-Boston Energy Corp.



GenOn did not receive any requests from any other permitting or approval authority requiring a response during the Reporting Period.

Based on the actions it has taken during the Reporting Period, GenOn is in full compliance with this requirement.

d. *Within 15 days after the Order Date, initiate requests for pre-application meetings with all permitting and approval authorities issuing any of the Governmental Approvals.*

GenOn's compliance with this requirement was described in its First Quarterly Progress Report, dated April 29, 2011, at pages 3-4, and in Section B.1.b of the Third Quarterly Progress Report dated October 30, 2012 with respect to necessary modifications to USEPA's Order and MassDEP's Order.

Based on its past actions, GenOn is in full compliance with this requirement.

e. *Within 90 days after the Order Date, submit applications for all Governmental Approvals. Notwithstanding the foregoing, the Permittee or its contractor may apply for any necessary building permits later than 90 days after the Order Date, so long as such application is submitted by the later of (i) 30 days after the issuance to third party vendors supplying the ACC and the BPST of notices to proceed with the fabrication of the ACC and BPST ("Notices to Proceed") or (ii) 5 days after the Permittee or its contractor have obtained all signatures of local government officials that are necessary for the Permittee or its contractor to apply for such building permits.*

The ninetieth day after the Order Date was Sunday May 1, 2011. GenOn made all necessary applications for all known Government Approvals before that date. GenOn's applications are described in its Quarterly Progress Report dated July 29, 2011. The prerequisite for the requirement to apply for any necessary building permits has not occurred. GenOn intends to apply for any necessary building permit in accordance with the timeline described in the Orders.

As noted in previous Quarterly Progress Reports, GenOn had been in communication with the City of Cambridge, and specifically the City of Cambridge Inspectional Services Department, regarding the applicability of the City's zoning ordinance to the proposed changes at Kendall since approximately a year prior to the dates of the Orders and, because of the City of Cambridge's position on the matter, decided to apply for a zoning variance under a reservation of its rights. As noted above in Section B.1.c., on July 27, 2012, GenOn filed an Application for a zoning variance with the BZA. The BZA held a duly noticed hearing on the Application on September 13, 2012. The Application was approved unanimously at that meeting subject only to GenOn following through on its pre-existing commitments to the City of Cambridge regarding post-construction noise compliance testing. During this Reporting Period, a written decision was issued by the BZA on October 26, 2012 and was filed with the Cambridge City Clerk by the BZA. The appeal period expired on November 15, 2012.

Construction must begin under a variance within one year from the date of its issuance or an extension must be obtained prior to the end of that one year period. GenOn is not anticipating starting construction before the end of the one year period. Therefore, prior to the expiration of this variance on October 25, 2013, it will be necessary to file a request with the BZA for a six month extension. GenOn plans to request an extension in approximately August of 2013 to provide adequate time for the BZA to act on the extension request.

Based on its past actions and actions taken during this Reporting Period, GenOn is in full compliance with this requirement.

f. *Issue the Notices to Proceed within 10 days after the later of the following has occurred: (i) all Governmental Approvals, other than any necessary building permits, have been obtained, are no longer subject to appeal, and are effective, and (ii) December 31, 2013. In negotiating agreement(s) with the ACC and/or BPST vendor(s), the Permittee shall request that all components of the ACC and BPST be delivered to the Station within nineteen months of the issuance of the applicable Notice to Proceed.*

The language of this subsection f. reflects the change in conditions precedent for GenOn's issuance of Notices to Proceed as approved by USEPA and MassDEP.<sup>2</sup> As the prerequisites in this provision have not occurred, GenOn has not issued the Notices to Proceed.

g. *Within 7 days after receiving written notice from Trigen that the Steam Line is available for commercial operation, provide a copy of such notice to [USEPA and MassDEP].*

GenOn has not received such written notice from Trigen, so no action is yet required of GenOn under this provision.

h. *No later than four months before the anticipated delivery date for the BPST, commence construction of any on-site modifications to the Station necessary to accommodate the ACC and/or BPST.*

The prerequisite for this requirement has not yet occurred, so no action is yet required of GenOn.

i. *No later than twelve months before the anticipated delivery date for the BPST, request that ISO New England authorize (i) a planned outage for removal of Steam Turbine #3 as soon after the anticipated delivery date for the BPST as ISO New England will authorize, and (ii) a planned whole station outage for tie-in of the BPST and ACC to start within 12 weeks after the completion of the outage for removal of Steam Turbine #3. The Permittee shall provide a copy of such requests to [USEPA and MassDEP] within 7 days after submitting them to ISO New England.*

The prerequisite for this requirement has not yet occurred, so no action is yet required of GenOn.

As described in detail in our Quarterly Progress Reports for the two prior reporting periods, GenOn continues to have an obligation to provide the full amount of capacity associated with the existing capabilities of Steam Units #1, #2, and #3 during the FCA #5 Period (June 1, 2014 through May 31, 2015) and FCA#6 (June 1, 2015 through May 31, 2016). To date, there has been no change in ISO-NE's rejection of GenOn's bid to delist 27 MW for FCA#6. The latest opportunity for ISO-NE to reverse its finding on the rejected delist bid for FCA#6 is May 31, 2014.

Were it not to provide the amount of capacity for which it has capacity supply obligations for these two supply obligation periods, GenOn could incur very significant financial penalties under the existing ISO-NE Tariff ("Tariff") approved by the Federal Energy Regulatory Commission

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<sup>2</sup> A letter from USEPA authorizing the changes in conditions precedent was dated and received on September 6, 2012. The executed version of MassDEP's Amendment to Unilateral Administrative Order reflecting those changes in conditions precedent was dated and received on November 2, 2012.



("FERC"). Although the Tariff allows a generation owner to substitute other capacity to fulfill its obligations, ISO-NE must find that the substitute capacity is sufficiently equivalent in terms of its ability to meet the reliability needs of the sub-region where Kendall is located. As previously reported, GenOn believes it would be very difficult to find adequate substitute capacity that would be acceptable to ISO-NE because of the limited capacity available in the Northeast Massachusetts/Boston sub-region as demonstrated by the outcomes of FCA #5 and of FCA #6.

Subsequent to FCA#6, the FERC approved a tariff change which will allow a resource owner to unilaterally permanently retire a portion of a capacity resource rather than having to retire the entire resource or none of it. FERC approved the partial capacity resource retirement provisions on September 21, 2012.

Given this change to the ISO-NE tariff, on October 5, 2012, GenOn submitted a Partial Non-Priced Retirement Request to ISO-NE to permanently reduce the capacity of the Kendall three combined steam units from approximately 53 MW to approximately 27 MW (the expected maximum capacity of Unit #3 after installation of the back-pressure-steam-turbine and air-cooled-condenser) effective with the start of the capacity supply obligation period for FCA#7 (June 1, 2016). After performing a reliability needs assessment for the capacity being proposed to be retired at Kendall, on December 20, 2012, ISO-NE provided notice that, given the structure of the capacity market for FCA#7, there is no reliability need for the capacity being proposed for retirement and Kendall's Partial Non-Priced Retirement Request has been accepted. As a result, the rated capacity participating in the Forward Capacity Market will be reduced to 27.75MW effective for the capacity delivery period starting June 1, 2016, and the station's ability to inject power to the region's electric grid will likewise be reduced as of that date.

On October 15, 2012, GenOn executed a new electrical interconnection agreement with ISO-NE and NStar reflecting the new arrangement and rating of the BPST.

j. *Within 7 days after receiving written notices from ISO New England authorizing the planned outages described in Section IV. Paragraph 1.i., provide a copy of such notices to [USEPA and MassDEP].*

The prerequisite for this requirement has not yet occurred, so no action is yet required of GenOn.

k. *Within 7 days after all of the components of the ACC have been delivered to the Station, notify [USEPA and MassDEP] of such delivery.*

The prerequisite for this requirement has not yet occurred, so no action is yet required of GenOn.

l. *Within 7 days after all of the components of the BPST have been delivered to the Station, notify [USEPA and MassDEP] of such delivery.*

The prerequisite for this requirement has not yet occurred, so no action is yet required of GenOn.

m. *By the latest of (i) 60 days after the Steam Line Completion Date, (ii) 90 days after all components of the [back pressure steam turbine (BPST)] BPST and of the [air cooled condenser (ACC)] ACC have been delivered to the Station, and (iii) 60 days after commencement of the planned whole station outage referenced in Section. IV. Paragraph 1.i.(i)., complete construction, installation, and tie-in of the ACC and BPST.*

The prerequisites for this requirement have not yet occurred, so no action is yet required of GenOn.

- n. *By 30 days after completion of the construction, installation and tie-in of the ACC and BPST, comply with all permit limits of the 2010 NPDES Permit.*

The prerequisites for this requirement have not yet occurred, so no action is yet required of GenOn.

2. Section IV. Paragraph 2 of the USEPA Order and Section V. Paragraph 2 of the MassDEP Order

*Where any compliance obligation requires the Permittee to obtain Governmental Approvals, the Permittee shall submit timely and complete applications and responses to requests for information and take all other actions reasonably necessary to obtain all such Governmental Approvals. Permittee may seek relief under the Force Majeure provisions below for any delay in the performance of any obligation imposed by this Order resulting from a failure to obtain, or a delay in obtaining, one or more Governmental Approvals required to fulfill such obligation, if the Permittee has submitted timely and complete applications and has taken all other actions reasonably necessary to obtain all such Governmental Approvals.*

Based on the information provided in Sections B(1)(c), (d) and (e) above, GenOn is in full compliance with this requirement.

3. Section IV. Paragraph 3 of the EPA Order and Section V. Paragraph 3 of the MassDEP Order

*In the interim period from the Effective Date until the date for full permit compliance specified in Section IV. Paragraph 1.n. [of the USEPA Order and Section V paragraph 1(n) of the MassDEP Order], the Permittee shall comply with the following effluent standards and limits:*

- a. *With respect to heat, non-contact cooling water flow, oxygen demand, the Station's cooling water intake structures, and temperature and water quality monitoring, the Permittee shall comply with the interim effluent limitations, monitoring requirements, and other conditions contained in Attachment A.*

GenOn has submitted monthly discharge monitoring reports ("DMRs") as required by the NPDES Permit and the Orders. Information concerning specific monitoring parameters is included in the DMRs. To date, all discharges and monitoring parameters have been within the interim limits established in the Orders.

Based on the actions it has taken during the Reporting Period, GenOn is in full compliance with this requirement.

- b. *The Permittee shall also comply with all effluent limitations, monitoring requirements and other conditions specified in the 2010 NPDES Permit for the parameters not addressed by Attachment A.*

GenOn has submitted monthly DMRs as required by the NPDES Permit and the Orders. Information concerning specific monitoring parameters is included in the DMRs. To date, all discharges and monitoring parameters have been within the limits established in the Permit.

Based on the actions it has taken during the Reporting Period, GenOn is in full compliance with this requirement.



C. Activities expected to be undertaken during the next reporting period to achieve compliance with the Orders.

GenOn expects to undertake the following activities during the period from January 1, 2013 to March 31, 2013:

1. Continue to participate in monthly update telephone conferences with MassDEP, USEPA and Veolia to follow Veolia's progress with respect to permitting and construction of the Steam Line;
2. Continue to submit monthly DMRs as required by the NPDES Permit and the Orders;
3. Work on technical sections of the ACC and BPST request for proposals, and
4. Continue to work with Veolia on the integration of the Steam Line with Kendall's operations in anticipation of a Steam Line completion date, according to Veolia, as early as the third quarter of 2013.

If you have any questions or require any additional information, please contact me at (617) 529-3874 or [shawn.konary@nrgenergy.com](mailto:shawn.konary@nrgenergy.com).

Sincerely yours,



Shawn Konary  
Director, Environmental

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